

Testimony by Larry A. Keller  
Executive Director, Port of Los Angeles  
before the  
House Government Reform Subcommittee  
on Energy Policy, Natural Resources and Regulatory Affairs  
April 24, 2003

Thank you, Mr. Chairman,

And thank you to the members of the Government Reform Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs for inviting the Port of Los Angeles to testify before you to share our concerns about what is needed to enhance port security. Our concerns focus on federal port security grants, international cooperation and smart economics.

As you know, the Port of Los Angeles is one of the nation's busiest seaports. As a premiere port of entry for cargo on the West Coast, the Port occupies 7500 acres of land and water along 43 miles of waterfront. Together with our San Pedro Bay neighbor, the Port of Long Beach, we handle more than 42% of the nation's containerized commerce. Additionally, the Port of Los Angeles has the fourth busiest cruise port in the U.S., and is number one on the West Coast with over one million vacationers yearly.

At this time in our nation's history, the Port of Los Angeles must balance the increasing demand for development and international trade with critical security requirements. Without a doubt, as a critical hub for commerce, the Port of Los Angeles is vital to our nation's economic well-being. We take very seriously our responsibility to maximize security for cargo, people and property. In the event of an unforeseen incident, whether caused by outside sources or natural disasters, it is our responsibility to stay up and running without delay in order to bolster the economy.

Since 9/11, we've spent approximately \$6 million of our own funds to enhance the Port's security. We've added manpower and equipment resources for our Port Police. We've spent millions to improve our World Cruise Center so it is now a model for efficient passenger handling for Customs, Immigration and the cruise lines.

There is, of course, always room for improvement and we are no exception. With federal funding through the Transportation Security Administration's (TSA) Port Security Grant Program, we will be more able to pursue security enhancements for Port facilities and infrastructure improvements. We have started the process to assess our needs and to serve as national and international models for credentialing and inspection systems, but funding is needed to implement these measures.

Since September 11, 2001, just \$92.3 million of \$368 million in appropriations has actually been distributed to ports in the first round of TSA funding. During that initial round of grants, the Port of Los Angeles received only \$1.5 million for a joint grant request with the Port of Long Beach, despite the fact that we are the busiest port complex

in the nation. More is truly needed as our nation depends on an efficient and safe transportation network to distribute cargo efficiently along our trade corridors. The ability to move cargo seamlessly through the Port of Los Angeles is crucial to the overall economic vitality of the nation.

The second round of grants for these funds, which closed last month, drew requests for nearly \$1 billion in improvements, with only \$104 million available. The Port of Los Angeles applied for approximately \$15.5 million. These grants would allow the Port to improve its infrastructure and overall security by providing:

A Construction of a High Risk Container Inspection Facility to provide the screening of containerized cargo. \$2.5 million is needed for this, in addition to the \$1.5 million previously received for design and assessment work.

A Container Screening System that would allow for gamma ray imaging and radiation detection portals to screen containers. \$4 million is needed for this.

An Underwater Rapid Response Team to fill an identified need for diving and support equipment to quickly deploy, and support the Port's first responders underwater rapid response team. \$1.8 million is needed for this.

A Database to Support Background Checks for all unescorted personnel with access to Port owned land. This prepares the Port for quick actions to implement the federal Transportation Worker Identification Card guidelines. \$1.25 million is needed for this.

A Perimeter Security Enhancement which allows for selected priority segments of the 43 miles of waterfront security standards in terms of perimeter fencing and lighting to reduce the current threat of intrusion. \$1.5 million is needed for this.

A Facility Security Monitoring System that will introduce a port-wide monitoring control system for Port-owned properties, including a common security infrastructure such as gates, reinforced doors, alarm systems, secured wireless and wired communications. \$1.45 million is needed for this.

Harbor Patrol Equipment is needed to procure rapid response detection platforms in the form of water patrol crafts to mitigate threats to the inner harbor facilities. These threats include fast approach boats laden with explosives, munitions, chemical and or biological weapons. The cost is \$800,000

A joint Command and Control Center for the Ports of Los Angeles and Long Beach to integrate facility access control and cooperation allowing for a wide area air-surface and subsurface sensors and an interoperable communications network. The cost is \$700,000.

Water Surface Surveillance and Subsurface Surveillance allows for operational assessment of the technologies needed to secure the 43 miles of main and inner Harbor waterfront approaches to critical infrastructures including bridges, fuel tanks, pipelines, container and oil terminals, ships and dockside facilities. \$875,000 is needed.

Enhanced Radar Surveillance at the Ports of Los Angeles and Long Beach to enhance the vessel tracking system to improve ship tracking, surveillance and domain awareness. The cost is \$300,000.

The World Cruise Center Security Assessment requires a comprehensive planning effort involving all stakeholders in the successful operation of the cruise terminal with enhanced integration of safety, security and contingency plans that address emergency response across jurisdictional boundaries. \$300,000 is needed.

The Port of Los Angeles is not seeking frivolous enhancement. We are, however, seeking improved security measures through the available federal grants. Security infrastructure improvements at the Port of Los Angeles are critical to ensure that the flow of international trade is maintained at the highest and safest possible standards. Our nation requires these security enhancements to safeguard our transportation systems which are dependent upon international commerce.

A terrorist attack at the Port would not only cause havoc in our region, but also seriously affect the maritime trading system, and thus disrupt U.S. and international commerce. As part of the nation's largest port complex, we need to receive a reasonable and appropriate share of the federal port security funding. Security funding needs to be based on the potential consequences of terrorist activities.

Realizing that the safety of Southern California's port system is closely tied to international transportation hubs, our programming has also extended offshore, to our Asian trading partners. Focusing on containers, we have instituted measures to "push back our borders" to the points of origin for the millions of containers crossing our docks each year. Of primary concern was the ability to ensure that a cargo container hasn't been tampered with at the point of origin or in transit. We believe that this is a far better approach than applying maximum security once the container reaches our shores.

The Container Safety Initiative, as part of Operation Safe Commerce (OSC), is the vehicle currently being utilized to review the supply chain of containerized cargo. OSC is a \$28 million pilot project funded by the Transportation Security Administration and managed by the U.S. Customs Service and the Department of Transportation. Customs officials are being dispatched overseas to Hong Kong and Singapore. The project will provide security gap analysis and act as a testing ground for a myriad of technologies. OSC was approved in July 2002.

The port complex of Los Angeles and Long Beach is one of only three load centers in the nation chosen to participate in this unique project. The other participating port complexes are New York/New Jersey and Seattle/Tacoma. Modern Terminals in Hong Kong became the first foreign terminal operator to agree to participate in Operation Safe Commerce with us, and we anticipate that the Port of Singapore Authority will sign on as well in the near future. Sandia National Laboratory is the Port's security consultant for the Operation Safe Commerce program.

There has been discussion on a number of fronts regarding the proposal of adding additional "user fees" to shippers and truckers to fund security enhancements at our nation's ports. We do not believe such proposals to be warranted. The economics of such proposals should be carefully analyzed, even with seemingly minimal costs.

In an already weak economy, adding these "user fees" to shippers and truckers will result in higher costs to consumers and ultimately cause additional inflation. The ripple effect will be felt in the imported goods lining the shelves of stores across the U.S., and will also further impact the markets for US manufactured products exported to overseas markets, many of which incorporate some imported content. If these costs are too high, other nations will get their goods from someplace other than the U.S. The highest overall benefit to the American consumer can only be achieved through unhampered access to reasonably priced high quality goods.

Lastly, Mr. Chairman, when you visited the Port a few months ago, you requested that we provide comparative cost benefits for the collection of U.S. Customs duties against operational costs. According to the Marine Transportation Study prepared by the U.S. General Accounting Office, Customs duties for import commodities through marine transportation for fiscal years 1999, 2000, and 2001 were about \$14.3 billion, \$15.6 billion and \$15.6 billion, respectively. The cost of Customs operations for the same years were about \$484.2 million, \$538.4 million and \$577.2 million, respectively. According to U.S. Customs, our Port users pay approximately \$12 million each day in Customs duties, with the Los Angeles Customs District leading the nation in total duties collected for maritime as well as air cargo.

It is our understanding that most of the Customs duties are deposited into the general fund in support of federal activities, with the exception of approximately 30 percent of the gross Customs receipts specifically designated for agricultural and food programs. We, therefore, continue to strongly believe that Customs revenues can provide the appropriate source for funding the additional security required at our nation's ports.

Thank you for this opportunity to express our needs and concerns to you. We hope you will be able to help us provide the needed facilities infrastructure improvements and security enhancements at our Port to allow us to continue to provide support for local, regional and national economies.

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